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Warren D. Hannah
*Director - Federal Regulatory Relations
Local Telecommunications Division*

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JUN 12 1996

EX PARTE

June 12, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

RE: In the Matter of Local Exchange Carriers' Rates, Terms and Conditions for
Expanded Interconnection through Virtual Collocation for Special Access
Switched Transport - CC Docket No. 94-97 Phase II

Dear Mr. Caton,

Representatives of Sprint Corporation spoke with Ms. Carol Canteen and Ms. Florence Setzer of the Common Carrier Bureau's Competitive Pricing Division regarding Sprint's Direct Case in the above referenced matter on June 6, 1996. Sprint's Direct Case was submitted on October 19, 1995. Representing Sprint on the call were Mr. Rudy Povirk, Ms. Kim Schuh, and the undersigned.

Attached is a list of questions and responses discussed during the call. Also attached are excerpt pages from Sprint's October 19, 1995, Direct Case which correspond to line and column numbers referred to in the questions and responses.

Excerpted
by [signature] 06/12/96

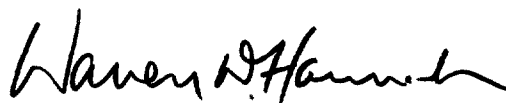
Mr. William F. Caton

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Ms. Canteen requested that a copy of this information be provided in the above referenced matter. Two copies of this letter, in accordance with Section 1.1206(a)(1), is provided for this purpose. If you have any questions, please feel free to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Warren D. Hannah". The signature is fluid and cursive, with a long horizontal stroke at the end.

Warren D. Hannah

- c: Ms. Carol Canteen, FCC, Washington, D.C.
- Ms. Florence Setzer, FCC, Washington, D.C.
- Mr. Rudy Povirk, Sprint, Westwood, KS
- Ms. Kim Schuh, Sprint, Westwood, KS

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Question 1: Why is the Nonrecurring Charges (rate * unit) on line 113, column X less than the total on line 15, column X?

Response: The calculation in the cell on line 113, column X adds all the Nonrecurring charges in column X and divides the total by 2. The methodology apparently was supposed to be that the grand total of those costs were doubled and therefore, had to be divided by two. Sprint LTD's total was not doubled and dividing it by 2 made it less than the total on line 15 and, hence, incorrect.

Question 2: Why are Sprint LTD's rates reflected in the Direct Case information different from what is currently in the tariff?

Response: The rates reflected in both Phase 1 & 2 of the Direct Case are equal to those rates which were filed September 1, 1994 which were put under investigation with the initial Designation Order released February 28, 1995. The rates in the tariff currently are reflective of a Rate Adjustment Factor application ordered by the Commission on May 11, 1995 and also a tariff entity rate aggregation which merged Central's Virginia rates with the United tariff rates. The rate aggregation proposal was filed November 1, 1995 and became effective on December 16, 1995 (Transmittal number 48).

Question 3: How is the total calculated in column R, line 65, entitled Recurring Direct Costs?

Response: The calculation adds Depreciation, Cost of Money, Federal Income Tax, Administration and Maintenance costs together then subtracts out Administration costs and divides the remainder by 12.

Question 4: Why is there no investment associated with the DS1 Termination Function and only maintenance dollars listed on line 33 Column Q?

Response: This designation order was to compare overhead loadings associated with our Virtual Collocation rates and the comparable DS1 and DS3 services. The functions of these facilities were categorized into three components: Cross Connection Function, Termination Function and Entrance Function. With a comparable service, such as a DS1, it is fairly straight forward to identify the costs that support each of these functions. The virtual collocation arrangement is not as clear. Sprint LTD identified the costs of cabling and conduit as the Entrance Function, the Electrical Cross Connect equipment as the Cross Connection Function and the space where the Competitive Access Provider's terminating equipment resides as the Termination Function. The only costs incurred by Sprint LTD associated with that terminating gear is the floor space and power required by our CO to support that equipment. It was placed in the Maintenance column to reflect a true cost to Sprint LTD and was added to the other recurring costs of the Virtual Collocation arrangement.

Note: Line 33, Column R is not calculated the same as the other totals for recurring direct costs. It does not divide the total by 12 to reflect a monthly direct cost.

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Question 5: Why was a rate partitioned chart, similar to the one required by a TRP order released on July 25th, 1994, not included with this direct case information?

Response: A rate partitioned chart was included in Transmittal Number 15 which was filed September 9, 1994. The charts were required by the TRP order issued July 25, 1994 and it was to be filed in conjunction with our Virtual Collocation filing set for September 1994. This requirement was not included in Phase 1 nor Phase 2 of the 94-97 Designation Order. The rate partitioned charts associated with the TRP order added the components together which totals the direct costs associated with our Virtual Collocation electrical cross connect rates. What this entails is adding the \$2.20 located on line 71 plus the $(\$7.90 \text{ divided by } 12) = \0.66 located on line 33 to reflect the monthly recurring direct costs associated with the DS1 electrical cross connect rate element.

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CHART 2 - Recurring and Nonrecurring Costs

DS1 VIRTUAL COLLOCATION TRP FUNCTION RATES
AND PRICEOUT ANALYSIS

LEC NAME Sprint/United Southeast (TN,VA)

FUNCTIONS	\$ Depreciation	\$ Cost of Money	\$ FIT	\$ Administrative	\$ Maintenance	Total Recurring Direct Costs	Recurring Rate	No. of Units	Recurring Charges (rate * unit)	Total Nonrecurring Direct Costs	Nonrecurring Rate	Nonrecurring Charges (rate * unit)
M	N	O	P	Q	R	S	T	U	V	W	X	
DS1 Provisioning - rec	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Provisioning - rec Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00	\$0.00		\$0.00
DS1 Provisioning - nrc	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Customer Service				\$477.44				1	\$477.44			\$477.44
Accounting and Finance				\$238.72				1	\$238.72			\$238.72
Legal				\$375.89				1	\$375.89			\$375.89
Engineering				\$1,845.20				1	\$1,845.20			\$1,845.20
DS1 Provisioning - nrc total	\$0.00	\$0.00	\$0.00	\$2,876.96	\$0.00	\$0.00			\$0.00	\$2,876.96		\$2,876.96
DS1 Entrance - rec												
Internal Cable	\$0.85	\$0.28	\$0.13	\$0.89	\$0.30	\$0.13	\$0.17	100	\$17.00			
Internal Connect (Per Linear Foot)	\$2.23	\$0.77	\$0.40	\$1.97	\$0.86	\$0.36	\$0.48	100	\$48.00			
DS1 Entrance - rec total	\$3.08	\$1.03	\$0.53	\$2.86	\$1.16	\$0.48	\$0.65	100	\$65.00	\$0.00		
DS1 Entrance - nrc	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Entrance - nrc total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00	\$0.00		\$0.00
DS1 Termination - rec	\$0.00	\$0.00	\$0.00	\$0.00	\$7.80	\$7.80	\$0.80	100	\$80.00	\$0.00		\$0.00
DS1 Termination - rec total	\$0.00	\$0.00	\$0.00	\$0.00	\$7.80	\$7.80			\$80.00			\$0.00
DS1 Termination - nrc	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Termination - nrc total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00			\$0.00
DS1 Equipment Installation - rec	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Equipment Installation - rec total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00			\$0.00

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CHART 2 - Recurring and Nonrecurring Costs

DS1 VIRTUAL COLLOCATION TRP FUNCTION RATES
AND PRICEOUT ANALYSIS

LEC NAME Sprint/United Southeast (TN,VA)

FUNCTIONS	\$ Depreciation M	\$ Cost of Money N	\$ FIT O	\$ Administrative P	\$ Maintenance Q	Total Recurring Direct Costs R	Recurring Rate S	No. of Units T	Recurring Charges (rate * unit) U	Total Nonrecurring Direct Costs V	Nonrecurring Rate W	Nonrecurring Charges (rate * unit) X
DS1 Equipment Installation -rrs												
Basic Time First Half Hour	\$0.00	\$0.00	\$0.00	\$0.00	\$45.00	0	\$0.00	1	N/A	\$45.00	\$45.00	\$89.00
Basic Time Add'l Half Hour	\$0.00	\$0.00	\$0.00	\$0.00	\$24.00	0	\$0.00	1	N/A	\$24.00	\$24.00	
DS1 Equipment Installation -rrs total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$89.00
DS1 Cross-Conn. -rrs	\$13.36	\$4.99	\$2.57	\$12.81	\$5.52	\$2.20	\$4.00	100	\$400.00			
DS1 Cross-Conn. -rrs total	\$13.36	\$4.99	\$2.57	\$12.81	\$5.52	\$2.20			\$400.00			\$0.00
DS1 Cross-Conn. -rrs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Cross-Conn. -rrs total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00			\$0.00
DS1 Maintenance & Repair -rrs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Maintenance & Repair -rrs total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00			\$0.00
DS1 Maintenance & Repair -rrs	\$0.00	\$0.00	\$0.00	\$0.00	\$45.00	\$0.00	\$0.00	1	N/A	\$45.00	\$45.00	\$89.00
Basic Time First Half Hour	\$0.00	\$0.00	\$0.00	\$0.00	\$24.00	\$0.00	\$0.00	1	N/A	\$24.00	\$24.00	
DS1 Maintenance & Repair -rrs total	\$0.00	\$0.00	\$0.00	\$0.00	\$89.00	\$0.00			\$0.00			\$89.00
DS1 Technician Training -rrs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Technician Training -rrs total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00			\$0.00
DS1 Technician Training -rrs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Technician Training -rrs total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00			\$0.00
TOTAL									\$525.00			\$1,478.48
AMORTIZED TOTAL per MONTH												\$32.29
PRICEOUT PER DS1									\$5.57			